INFLUENCING FACTORS FOR FUTURE YOUTH ENTREPRENEURS: A CONCEPTUAL FRAMEWORK FOR THE TRANSPORT INDUSTRY

S HUGHES and C SCHACHTEBECK

University of Johannesburg, PO Box 524, Auckland Park, Gauteng, South Africa, 2006, +27115594172, shughes@uj.ac.za
University of Johannesburg, PO Box 524, Auckland Park, Gauteng, South Africa, 2006, +27115593623, cschachtebeck@uj.ac.za

ABSTRACT

The transport industry is currently facing numerous challenges, such as the difficult economic situation South Africa finds itself in, manifested in lower levels of discretionary spending of consumers, and associated margin pressures on the industry as a whole. The stubbornly high levels of youth unemployment have caught the attention of the South African government, as the status quo also forms part of the problematic socio-economic situation. Promoting youth entrepreneurship within the transport industry can positively contribute to alleviating some of the challenges the youth face, such as unemployment and lack of job prospects.

This study investigates the factors influencing youth entrepreneurial intent, framed for the South African transport industry. The study was qualitative in nature and made use of a systematic review approach. The data was analysed by means of a thematic content analysis. The research contributes a conceptual framework highlighting prominent factors influencing youth entrepreneurial intent and applies this to the Southern African transport industry. The value of the research lies in its ability to clarify prominent influencing factors, which can be addressed by policy-makers, and the industry alike.

Results indicate that the conceptual framework has three prominent components, namely environmental factors, available initiatives and individual factors influencing entrepreneurial intent. Policy-makers have the most influence on available initiatives and environmental factors, and the least on individual factors. The transport industry has the potential to create an enabling environment that fosters the attraction and absorption of youth entrepreneurs, while at the same time transforming the industry.

Key Words: entrepreneurial intent; youth entrepreneurship; transport industry

1. INTRODUCTION

1.1. Background

The South African government and large players in the industry agree that the transport industry plays a central role in the competitiveness of South Africa globally and in the economic growth and development of the country (Belfreight Logistics, 2016; Kruyer, 2017; South African Government, 2017). To tap into the economic opportunity that is presented by the transport industry in Africa, and specifically South Africa, the right kind of investment and growth is necessary. PWC (2013) state in their 'Africa gearing up' analysis of the transport industry that the opportunities lie in the growing demand for raw commodities and in the forecasted promise of growth in the retail and manufacturing sectors. While South Africa presently has the best developed infrastructure (Brand South Africa, 2017) on the African continent, it also has a lower growth rate than other top performing countries (such as Nigeria and Kenya) and concerted efforts are necessary to benefit, not just from global, but also from regional trade opportunities (PWC, 2013).

The question is not just how these opportunities will be unlocked by investment but indeed who will reap the benefits. Accordingly, the Department of Transport in South Africa states that increasing the contribution of the sector to job creation is one of its strategic goals (South African Government, 2017). Unfortunately, even though South Africa can be considered an entrepreneurial leader in Sub-Saharan Africa, the country has a high unemployment rate and an even higher youth unemployment rate (Statistics South Africa, 2016). An additional concern is that, according to the 2016-2017 Global Entrepreneurship Monitor (GEM) report, only 37.9% of South Africans believe they have the necessary skills to start their own business, an unfortunate decrease from previous years (Business Report, 2017).

The disconnect between opportunities that are present in the transport industry and the extent to which especially youth entrepreneurs have explored and benefited from available opportunities merits investigation. The importance of youth entrepreneurship cannot be overstated as Malik (2016) asserts that South Africa can only have a brighter future if the youth have stable jobs and decent incomes.

1.2. Problem Statement

South Africa's transport industry is an important sector in the South African economy. It contributes significantly towards Gross Domestic Product and acts as an important job creator. It is common cause that youth unemployment is at worrying levels in South Africa. While the South African government has launched a number of initiatives and interventions to address youth unemployment, the youth can also act as job creators by starting their own businesses. Yet, to date, no study has tackled the issue of identifying which factors influence the intent amongst the youth to become entrepreneurs in the context of the transport industry? This study therefore aims to develop, conceptually, a framework which identifies influencing factors of youth entrepreneurial intent for the South African transport industry.

1.3. Aim of Paper

The aim of this study is to investigate the factors influencing youth entrepreneurial intent, framed for the South African transport industry. The objective is achieved by means of a systematic review of prominent factors influencing entrepreneurial intent of the youth. The discovered factors are presented in the form of a conceptual framework indicating the effect on entrepreneurial intent of the youth. Recommendations based on the findings are proposed to enhance the propensity of the youth to participate in the South African transport industry.

2. LITERATURE REVIEW

2.1. Entrepreneurial intent

Intention and behaviour are regarded as possessing a strong correlation (Kibler, 2013). This suggests that when one possesses a strong intent, the likelihood of a behaviour occurring increases. In the same manner, the intent to engage in entrepreneurial actions, i.e. the intent to start a new business, can be regarded as the antecedent of the behaviour occurring (Kibler, 2013). Ajzen (2005) suggests that, in terms of the Theory of Planned Behaviour (TPB), entrepreneurial intent is guided by three independent concepts, namely attitudes, subjective norms and perceived behavioural control. Attitudes make reference to an individual's understanding of a certain concept. Subjective norms refer to the impact an individual's social environment has on decision-making. Perceived behavioural control, on the other hand, refers to self-efficacy, an individual's self-belief in terms of probabilities of succeeding (Ajzen, 2005). While some studies have argued that it is mainly personal characteristics of individuals that influence entrepreneurial intent (Grassl & Jones, 2005), others have suggested that the immediate environment and self-belief drive entrepreneurial intent (Ramos, 2014), while yet other studies suggest that only prior exposure to entrepreneurial actions influence the intent to become an entrepreneur (Gird & Bagraim, 2008). Denanyoh, Adjei and Nyemekhe (2015) suggest that the immediate social environment of an individual, such as the friends and family, provide much needed emotional support for entrepreneurial intent to flourish. Early exposure to entrepreneurship plays an important role in stimulating the entrepreneurial intent of an individual, particularly amongst the youth (Nafukho & Muyia, 2010). It is therefore also important to expose the youth to effectively structured entrepreneurial education initiatives, as this influences entrepreneurship (Mbuya & Schachtebeck, 2016; Nieuwenhuizen, Groenewald, Davids, Janse van Rensburg & Schachtebeck, 2016). A lack of agreement therefore still exists as to which factors influence entrepreneurial intent, particularly amongst the youth population. For a country, particularly for the youth population, it is of utmost importance to be able to predict future levels of entrepreneurship, especially in emerging market economies where economic growth rates are depressed and heavily dependent on entrepreneurship and innovation (Arrighetti *et al.*, 2016).

2.2. South African Transport Industry

Brand South Africa (2017) states that South Africa has the largest air and rail network and longest road network on the continent. Additionally, the South African government has acknowledged the transport industry as both crucial to the country's global competitiveness and a key driver of economic growth and social development. In fact, the improvement and continued maintenance of South Africa's transport infrastructure, in order to maintain

competitiveness, is stated as a key objective of the National Development Plan (South African Government, 2017). The Department of Transport in South Africa has several strategic goals, including being a catalyst for both economic and social development, improving infrastructure and rural access and increasing job creation opportunities offered by the sector (South African Government, 2017).

Whilst the industry holds tremendous promise in terms of regional trade and global competitiveness, opportunities for development need to be strategically leveraged (PWC, 2013). According to Belfreight Logistics (2016), and informed by a survey on the state of logistics in South Africa, the major challenges to the industry are, inter alia:

1) The improvement of transport logistics infrastructure: this includes road, rail and air transport as well as customs processes. Infrastructure influences efficiency and although the South African government has pledged significant resources, economic conditions are hampering the fulfillment of this commitment.
2) High costs associated with logistics services: the most volatile cost is the cost of petroleum, driven by crude oil prices, which is also the most influential cost as road transport makes up the majority of freight moved in South Africa (Kruyer, 2017). Additional costs relate to tolls and vehicle wear and tear, as well as the challenge for companies is to offer affordable prices in volatile economic conditions.
3) An unskilled workforce: this is a challenge across the board in South Africa where education has been one of the most plaguing issues affecting increased national prosperity. It presents a particular challenge to the transport and logistics industry as many new jobs require computer and IT related skills.

2.3. Youth Entrepreneurship

Statistics South Africa (2017) indicate that the majority of South African youth, namely individuals up to the age of 34, are unemployed. More worryingly, 38.6% of the youth were unemployed at the end of the third quarter of 2017, 10.9% percentage points higher than the national average in 2016. This picture becomes even more troubling when considering that, according to the expanded definition of unemployment, an even greater number of youth are unemployed. In the 15-24 year age category, comprising approximately 10.3 million youth, 30% were currently not in employment, or partaking in education or training initiatives (Statistics South Africa, 2017). This further reduces the chances of meaningful, future participation in the South African job market, as increased levels of industrialisation demand higher skill levels. Additionally, levels of entrepreneurial activity and intent are also exceedingly low, with South Africa's Total Early Stage Entrepreneurial Activity (TEA) rates of the youth being amongst the lowest in Africa and far below the Africa average (Herrington & Kew, 2017).

The Department of Trade and Industry has recognised the value of youth enterprises and has launched a 'Focus on youth enterprise for 2013-2023' initiative, aimed at increasing the contribution of youth enterprises to Gross Domestic Product (GDP), as well as increasing the number of youth enterprises from 8.9% to 50% (DTI, 2013). This goal is in line with the National Development Plan (NDP) objective of increasing the number of small businesses dramatically until 2030, with the aim of reducing unemployment and levels of poverty. Similarly, the Department of Transport and the Cross-Border Road Transport Agency, during a 'women in transport' summit, highlighted the importance of providing entrepreneurial opportunities in the sector, establishing cooperatives, as well as the provision of training opportunities for the youth in the sector (Department of Transport, 2017).

3. METHODOLOGY

The study was qualitative in nature, making use of a systematic review methodology. A systematic review methodology is dissimilar to a traditional literature review as it is follows pre-determined steps, are guided by a research question. This allows the research process to be replicated by others (Stewart, van Rooyen & de Wet, 2012). The discovered articles were analysed by means of a thematic content analysis. The review was guided by the question: 'Which factors influence youth entrepreneurial intent for the South African transport industry?' The literature search was guided by a number of keywords. The keywords included '*youth'*, '*entrepreneurial intent'*, '*entrepreneurial intention'* and '*South Africa'*. The systematic review aimed to uncover prominent factors influencing the intent of the youth to become entrepreneurs. Search terms relative to the transport industry were not utilised as an extremely narrow band of results, if any, would have emerged, thereby influencing the comprehensiveness of the conceptual model.

The systematic review process took place in a range of prominent databases. The databases selected for the search included: De Gruyter Journals Online, Science Direct, Proquest Business Collection, Springerlink, Gale Business Insights, Sage Journals Online, Emerald Insight, SAePublications, as well as Ebscohost (Academic Source Complete & Business Source Complete). The review was conducted between 18 – 21 February 2017. In order to effectively discover relevant articles, Boolean operators were utilised, and date ranges set between 2008 and 2017, to ensure recent and relevant research findings.

Inclusion and exclusion criteria were developed to ensure only relevant articles were included. Criteria for inclusion included: (1) written in English or Afrikaans; (2) available as full-text; (3) study conducted within South Africa; (4) be empirical in nature; (5) study conducted between 2008 and 2017. Criteria for exclusion included: (1) written in a language other than English or Afrikaans; (2) only abstract available; (3) study area outside of South Africa; (4) desk study only; (5) conducted prior to 2008. The findings in the discovered studies were grouped thematically, thereby outlining major themes influencing youth entrepreneurial intent. The themes are discussed, where after the conceptual framework is outlined and explained, with reference to the South African transport industry.

4. FINDINGS

4.1. Search Process

The initial literature search among the identified databases yielded a total of 1433 articles. After screening the discovered articles against the inclusion and exclusion criteria, 548 articles were excluded, mainly for the reasons of only abstracts being available, or the study being written in a language other than English or Afrikaans. After careful screening against the inclusion criteria, a total of 24 articles were deemed to meet all the criteria. A total of 853 articles were excluded, mainly due to the study focus not being on entrepreneurial intent of the youth, or the studies being performed outside the bounds of South Africa.

The results of the systematic review process are outlined in Table 1 below.

Table 1: Preliminary Results of Systematic Review

Database	Date of search	Total Discovered (Stage 1)	Meet inclusion criteria (Stage 2)	Not accepted (Stage 3)	Accepted (Stage 3)
Ebscohost	18/02/2017	184	163	159	4
Sabinet	18/02/2017	134	128	119	9
Emerald	18/02/2017	202	82	81	1
Proquest	18/02/2017	728	346	339	7
Springerlink	18/02/2017	45	45	45	0
Gale	18/02/2017	16	16	16	0
Sage	18/02/2017	103	88	86	2
Researchgate	21/02/2017	4	4	3	1
Taylor & Francis	21/02/2017	9	7	6	1
Science Direct	22/02/2017	8	6	5	1
Credo Reference	21/02/2017	0	0	0	0
De Gruyter	21/02/2017	0	0	0	0
Sub-total		**1433**	**885**	**859**	**26**
Duplicates					2
Total					**24**

Source: Authors' calculations

4.2. Integrated Conceptual Model

The themes identified from the selected articles are depicted according to different layers according to the autonomy and extent of control that the youth entrepreneur exercises. The first layer represents the individual factors that relate directly to the youth entrepreneur, including their personality, traits, attitude, motivation and aptitude. Additional factors here include their need for freedom and achievement which are acknowledged as important drivers of intent. The individual will also be influenced by their family background, role models and personal demographics which could translate into either push or pull motivators for engaging in entrepreneurship. The youth entrepreneurs' perception of entrepreneurship as a career and indeed of the support they have in pursuing entrepreneurship are also individual level factors.

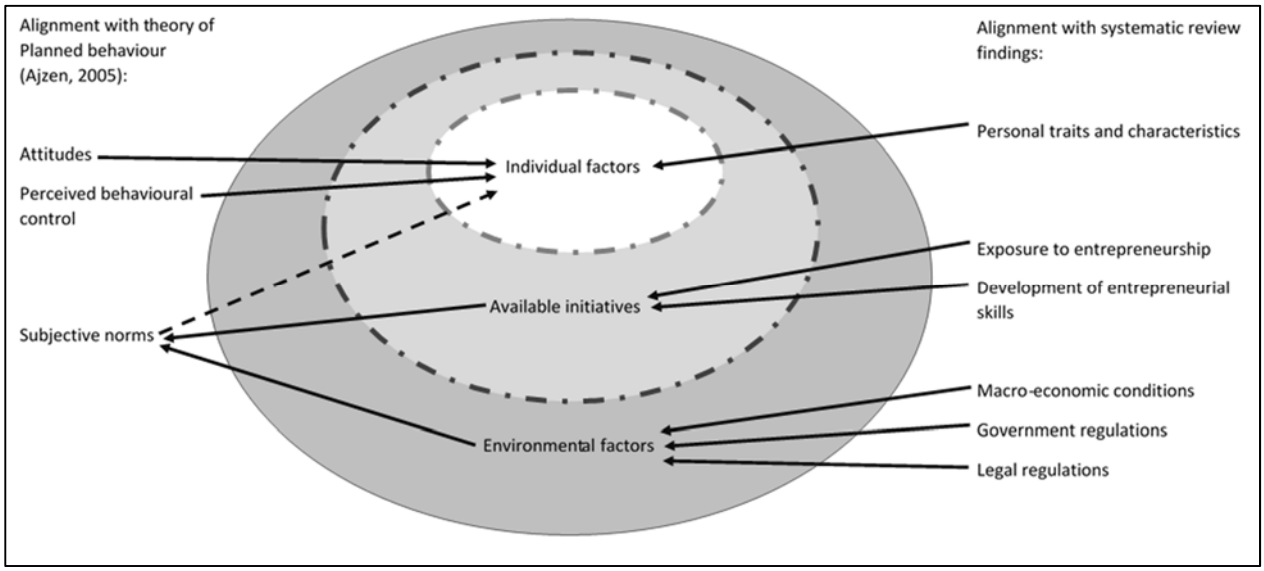

Figure 1: Conceptual model of influencing factors for future youth entrepreneurs

The individual is embedded in several nested environments that together describe whether there is an enabling or discouraging environment for entrepreneurship. The first component

of the environment that the future entrepreneur interacts with are the initiatives that are available. The availability of initiatives is highly contextual to the individual as they may have exposure to tertiary education with a strong emphasis on developing entrepreneurial skills. In the event that the individual does not have the opportunity to be exposed to secondary or tertiary education that is enabling there are still initiatives such as entrepreneurial hubs, government programmes and legal resources. A significant threat at this level is the individuals' awareness of available initiatives, this is dependent on the quality and extent of available communication regarding initiatives and how to access them. A mitigating consideration is the individuals' access to social networks that can inform, aid or direct the young entrepreneur in their efforts.

A challenge emanating from the interaction between the individual and available initiatives is that all future entrepreneurs will need to develop certain skills at some point in their career. Consistent exposure to entrepreneurship and appropriate curriculum design are touted as solutions. However, for training courses, schools and universities alike the persisting challenge is the mismatch between available skills and opportunities.

The final layer includes environmental factors, most prominently prevailing macro-economic conditions, government policies and high-level considerations that impact the consideration of entrepreneurship as a future career. Legal regulations and access to financial resources play a key role here.

External role players have the greatest influence on environmental factors and available initiatives. Available initiatives are the most direct lever that policy makers and organisations can influence to affect more future entrepreneurs to enter the industry. The issue of mismatched skills and opportunities should not be over-simplified; however it merits discussion that there is a significant opportunity for future entrepreneurs in terms of the alignment of skills with opportunities.

The identified factors are consistent with findings from other authors, most prominently by the factors identified by Ajzen (2005), as well as some by Grassl and Jones (2005). This indicates that although several distinct classes of factors are unique to the South African youth, conceptually underlying factors are similar to those in prominent entrepreneurial intent literature. The South African transport sector, by nature of being the largest on the African continent, presents business opportunities for aspiring youth entrepreneurs. In addition, the investment in the upkeep and development of transport infrastructure present entrepreneurial opportunities. For the South African Transport sector the findings are meaningful due to some of the challenges the sector faces which can be addressed through entrepreneurial actions. Identified challenges such as a high cost base of logistics operations and improvement of logistics infrastructure offer opportunities for aspiring entrepreneurs. Some of the challenges, such as the prevailing high cost base, presents entrepreneurially oriented youth with scope for business opportunities. Additionally, the Theory of Planned Behaviour and individual attributes can guide managers and decision-makers as to how opportunities and work could be structured to present entrepreneurial challenges. Lastly, by virtue of the conceptual model, managers within the transport sector can be cognisant that environmental factors, as well as the availability of initiatives, play an important role in building a cohort of youth entrepreneurs.

5. CONCLUSIONS & RECOMMENDATIONS

The South African transport sector holds an important place in the local economy, acting as a job creator and contributor to GDP. Growing the economic participation of the youth in this important sector is of paramount importance. This study therefore aimed to investigate which

factors influence youth entrepreneurial intent in the form of a newly developed conceptual model. The study identified several distinct factors which can be grouped into individual factors, available initiatives and environmental factors. It is therefore recommended that governmental and other decision makers in the sector engage the youth in terms of the faced challenges. Sector-specific initiatives can be crafted for aspiring youth entrepreneurs. The sector can also harness individual factors by focusing on developing these in identified youth. Lastly, regulations can be crafted which enhance the ease with which the youth access opportunities in the sector. These initiatives will positively contribute to the entrepreneurial intent of aspiring youth.

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